AFFordable Housing Incentives Guidelines

Implementing the Affordable Housing Incentives Program Ordinance Nos. 170,764 and 174,995

Updated – September 9, 2004
AFFORDABLE HOUSING INCENTIVES GUIDELINES

I. SCOPE AND PURPOSE

The City of Los Angeles has established an Affordable Housing Incentives Program to encourage the production of housing for qualified lower income residents, elderly and disabled persons. The program is based on State law and a series of amendments to the Municipal Code. The Affordable Housing Incentives Guidelines, established by resolution of the City Planning Commission, facilitate the use of incentives established by law.

The Municipal Code encourages broad application for the density bonus provisions of State law by creating incentives that eliminate discretionary review for qualifying developments, relax land use controls, defer payment of fees, and expedite application processing.

The eligibility of a development to benefit from the incentives is determined on a case-by-case basis through the application of performance standards. The Guidelines set forth in detail the incentives for which developments may qualify and the standards by which they will be evaluated. The Guidelines may be modified by resolution of the Planning Commission.

II. DEFINITIONS

Affordable Accessible Unit – A dwelling unit or guest room that is adapted to be used by persons who are physically disabled, based on the criteria of Title 24 of the California Code of Regulations or any amendment thereto, where the household income of the resident does not exceed Supplemental Security Income (SSI) levels, and where the rent is restricted to no more than approximately 30% of the resident’s SSI level, according to a rent schedule prepared by LAHD.

Affordable Housing Units – Dwelling units or guest rooms for which rental or mortgage payments do not exceed the limits stated in Section 65915 of the California Government Code. Dwelling units or guest rooms designated for Lower Income households, as defined in Section 50079.5 of the California Health and Safety Code, shall have rents not exceeding 30% of 60% of the Area Median Income as set forth on the rent schedule prepared by LAHD. To qualify as a project containing affordable units, the project’s owner shall record a document with the Los Angeles County Recorder guaranteeing that these affordability criteria will be observed for at least 30 years from the issuance of a Certificate of Occupancy. For-sale condominium projects with a 20% set-aside for Moderate Income households must guarantee the affordability criteria will be observed for at least 10 years.

Area Median Income – The estimate of median income in the Los Angeles – Long Beach Primary Metropolitan Statistical Area that is determined periodically by the US Department of Housing and Urban Development (HUD), adjusted for household size and which is published periodically.
Density Bonus -- A density increase over the otherwise maximum allowable residential density pursuant to California Government Code Section 65915. The density bonus shall apply to housing developments consisting of five or more dwelling units.

Moderate Income, Lower Income and Very Low Income – Annual income of a household that does not exceed the Area Median Income for the income category as specified in the California Health and Safety Code Sections 50079.5 and 50105, as determined by LAHD.

Mass Transit Station – A transit stop for a fixed rail system, or Major Bus Center. A station is one that is currently in use, whose location is proposed and for which a full funding contract has been signed by all funding partners, or one for which a resolution to fund a preferred alignment has been adopted by the Los Angeles County Metropolitan Transit Authority.

Major Bus Route – A bus route with peak-hour headways of 15 minutes or less.

Restricted Affordable Unit – An affordable housing unit in a development rented to a household with Very Low or Low Income residents, including senior citizens. In order to qualify as a development containing affordable housing units, the owner of the development shall record a document with the Los Angeles County Recorder guaranteeing that the relevant affordability criteria will be observed for at least 30 years from the issuance of the Certificate of Occupancy. For-sale condominium projects with a 20% set-aside for Moderate Income households must guarantee the affordability criteria will be observed for at least 10 years.

Senior Citizens – Individuals who are at least 62 years of age, except that for density bonus projects of at least 150 dwelling units, a threshold of 55 years of age may be used, provided all applicable City, State and Federal regulations are met.

Single Room Occupancy Hotel – An apartment building, hotel or other structure containing six or more guest rooms, and which may also contain dwelling units, in which 30% or more of the dwelling units or guest rooms do not contain a private bath and toilet facilities within the dwelling unit or guest room.
III. DENSITY BONUS AND SET-ASIDES

Projects may qualify for a 25% density bonus, in addition to various incentives, if they provide the following tenant set-asides for a period of at least 30 years, as established by State Law and the City’s Zoning Code:

- **20% of the dwelling units for Lower Income households**, earning no more than 80% of the AMI and paying no more in rent than the amount established by the Los Angeles Housing Department (LAHD) for households earning up to 60% of the median income, OR

- **10% of the dwelling units for “Very Low” Income households**, earning no more than 50% of the AMI and paying no more in rent than the amount established by the LAHD for households earning up to 50% of the median income, OR

- **5% of the dwelling units for disabled persons whose household income does not exceed Supplemental Security Income (SSI) levels.**

Projects qualify for a 35% density bonus if they meet the above set-aside requirements and the following criteria:

- At or within 1,500 feet of a major bus center, bus stop along a major bus route, or mass transit station, OR

- In or within 1,500 feet of a major center or major economic activity center, OR

- Within 1,500 feet of a major college or university.

State laws also permits for-sale condominium developments to set-aside 20% of the dwelling units for Moderate Income households (earning no more than 120% of AMI) and qualify for a density bonus of 10%, rather than 25%. The term of affordability for these units is 10 years.

**Density Bonus Calculation**

- The maximum number of dwelling units permitted in a zone is determined. All fractional units are rounded down. This is the “maximum allowable density.”

- The number of set-aside and density bonus units is based upon the maximum allowable density. All fractional set-side and density bonus units are rounded up from .5 and rounded down below .5. For example, if the “allowable density” is 23 units and a 20% set aside is provided, 4.6 or 5 units must be set-aside and 5.75 or 6 density bonus units can be built.
III. OTHER AFFORDABLE HOUSING INCENTIVES

The following incentives are provided to projects that include restricted affordable units, i.e., those meeting the set-aside requirements for the 25% and 35% density bonus and those who set-aside a fewer number of restricted affordable units:

Reduced Parking Requirements For Restricted Affordable Units

- 1 parking space per restricted unit, irrespective of the number of habitable rooms for a project located within 1,500 feet of a mass transit station or major bus route.
- 1 parking space per restricted dwelling with 1 and 2 habitable rooms
- 1.5 parking spaces per restricted dwelling unit with 3 or more habitable rooms.
- .5 parking space per restricted dwelling unit or guest room restricted to senior citizens and/or disabled individuals
- .25 parking space per restricted dwelling unit for single-room occupancy hotels, with a minimum of 5 parking stalls per project.

Waiver of Guest Parking Provision for Restricted Affordable Units

The requirement to provide guest parking in for-sale developments is waived for only the restricted dwelling units. Market rate dwelling units shall comply with the parking requirements as specified in the Zoning Code.

Deferred Payment of Selected Permits and Fees

Department of City Planning application and environmental clearance fees may be deferred up to the time of the issuance of any Certificate of Occupancy. However, fees must be paid for services performed regardless of project outcome.

 Expedited Processing of Building Plans and Permits

Projects providing affordable housing, including affordable housing for seniors, will receive expedited processing as currently available.
IV. PERFORMANCE STANDARDS

The following Performance Standards are required for projects with restricted affordable dwelling units.

Project Design

- **Design of Restricted Affordable Units in Mixed-Income Projects.**
  
  Restricted dwelling units shall be comparable in every manner to market rate dwelling units, including total square footage, bedrooms size, closet space amenities, number of bathrooms, etc., except in the quality of interior “finish” materials (e.g., floor and wall coverings). The design of restricted dwelling units should generally reflect the average number of bedrooms per dwelling units in the development. Restricted dwelling units shall not be confined to one type of dwelling unit within a development.

- **Location of Restricted Units within Mixed-Income Projects.**
  
  Restricted dwelling units must be interspersed among market-rate dwelling units within the same building. They may not be grouped together on one level or in one or more “less desirable” corners or areas of the building. In multiple building developments, restricted dwelling units must be reasonably dispersed among the buildings.

- **Noise.**
  
  Common recreational uses, such as swimming pools and barbecue areas, shall not be located immediately adjacent to neighboring residential uses. Any building within 500 feet of a railroad, major highway or freeway, airport or aircraft pathway shall be constructed so as to provide a Sound Transmission Class of 50 or greater as defined in the Uniform Building Code.

- **Wall.**
  
  A decorative masonry wall six (6) feet in height shall be constructed along any common property line between the subject property and any adjoining property containing a single-family use.

- **Lighting.**
  
  Lighting shall be located so as to not shine onto any adjacent residential property.

- **Equal Distribution of Amenities.**
  
  Residents of restricted dwelling units may not be charged for amenities that are provided at no cost to other residents including, but not limited to, access to recreational facilities, parking, cable TV, and interior amenities such as dishwashers and microwave ovens. Optional services provided must be optional for all residents, and available to all under the same terms and conditions. Tenants of restricted units cannot be required to purchase additional services.
Affordability Requirements

- All restricted dwelling units shall comply with the affordable restrictions on household income as established by LAHD in conformance with HUD.

- The affordability restrictions for income and rent are subject to change periodically. An owner can contact LAHD to receive the periodic changes in affordability restrictions.

- State law requires that households with incomes between 60% and 80% of AMI be assigned rents that do not exceed rent levels set at rates for households with incomes at 60% of AMI.

- For owners seeking a parking reduction without a density bonus, dwelling units must be restrict to Low Income households (80% of AMI) with rent levels set at rates for households with incomes at 60% of AMI.

- Projects shall reserve and maintain the number of dwelling units designated as restricted dwelling units for a period of not less than 30 years of any Certificate of Occupancy.

HOUSEHOLD INCOME TABLE UPDATED FOR 2004
(Please contact Los Angeles City Housing Department at (213) 806-8806 for the most recent Maximum Rents and Income Levels.)

<table>
<thead>
<tr>
<th>Household Size</th>
<th>Affordable Accessible SSI Levels</th>
<th>Very Low Income 50% AMI</th>
<th>Lower Income 80% AMI</th>
<th>Moderate Income 120% AMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$9,480 - $10,464</td>
<td>$20,850</td>
<td>$33,300</td>
<td>$50,050</td>
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MAXIMUM RENTS FOR SET-ASIDE UNITS - UPDATED FOR 2004

<table>
<thead>
<tr>
<th>No. of Bedrooms</th>
<th>Affordable Accessible SSI Levels</th>
<th>Very Low Income 50% AMI</th>
<th>Lower Income 60% AMI</th>
<th>Moderate Income 120% AMI (For sale units only)</th>
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<tbody>
<tr>
<td>0</td>
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The rents listed above are the upper limits that may be charged to Moderate, Lower, Very Low Income and Disabled households. The actual rents charged to households of restricted dwelling units may be lower to reflect actual market conditions. Please note that for Affordable Accessible Units, the actual income and rent levels are dependent upon disability classification and/or availability of cooking facilities in the unit. For any questions, call LAHD at (213) 806-8806.

MAXIMUM PURCHASE PRICE FOR SET-ASIDE UNITS
UPDATED FOR 2004

<table>
<thead>
<tr>
<th>Number of Bedrooms</th>
<th>Very Low Income 50% AMI</th>
<th>Lower Income 60% AMI</th>
<th>Moderate Income 120% AMI</th>
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Eligibility of Senior Citizens and Disabled Persons

Each dwelling unit so designated shall be occupied by at least one person who is disabled or is 62 years of age or older. Disabled persons are those persons having physical or mental impairment which seriously restricts that person from operating motor vehicle, is expected to be of long-term and indefinite duration, which substantially impedes his or her ability to live independently, and is of a nature that such ability could be improved by more suitable housing conditions.

Monitoring Requirements

All projects shall comply with the annual monitoring requirements established by LAHD by means of a Covenant and Agreement. It is the responsibility of the owner to notify LAHD of any changes in the building that may affect compliance, such as change of ownership, management agent or on-site manager, vacancies in restricted units, or changes in compliance with the performance standards approved by the Los Angeles Department of Building and Safety (LADBS.)

The following are LAHD requirements (a complete list is found in the LAHD Covenant):

- LAHD completes initial reviews of new tenants’ eligibility for dwelling units prior to occupancy
- LAHD annual reviews tenants eligibility for restricted dwelling units.
- LAHD must receive an annual review letter from the owner regarding the number of restricted dwelling units, household income and size, rent levels, dwelling unit size and verification of vacancies. LAHD may at any time audit the building occupancy to monitor restricted dwelling units.
• LAHD may make annual site visits to ensure that the restricted dwelling units are maintained in decent, safe and sanitary condition and that they are provided with the same level of services, including security and maintenance, as are applied to the other dwelling units in the development.

• If violations are found, fees and/or fines may be levied against the owner including the cost of legal action.

IV. PROCEDURE FOR OBTAINING HOUSING DEPARTMENT SIGN-OFF FOR A BUILDING PERMIT APPLICATION

1. In the plan check process, LADBS determines the allowable density (1.25 or 1.35 x the otherwise maximum allowable density depending upon the zone or location.)

2. LADHS requires a building permit applicant to get a “sign-off” from various City departments, including LAHD, and provides the applicant a “Clearance Summary Worksheet for this purpose.

3. Owner or his/her representative provides the following information to LAHD, in order for an Agreement Containing Covenants Affecting Real Property (Covenant) to be prepared:

   • Copy of the LADBS Clearance Summary Worksheet
   • Copy of the LADBS “Application for Building Permit and Certificate of Occupancy”
   • Address of site
   • Number of units and bedroom mix of units
   • Property owner’s name, address and telephone number
   • Name and title of individual signing the Agreement on behalf of the owner
   • Name, address and phone number of owner’s representative
   • The incentives being requested and those that require a Covenant
   • If a density bonus is requested, the original number of units permitted by the zoning

4. LAHD determines the required number of the restricted affordable units, as specified in the Zoning Code, or as required by the Planning Department, and assures that the set-aside units are “comparable” as required by these Guidelines

5. LAHD determines the rent level or purchase price of the restricted affordable units and prepares a Covenant that establishes the number of such units, the affordability level and the term of affordability.

6. The owner signs the Covenant and has it notarized. LAHD then completes the electronic sign-off of the building permit application and has the Covenant recorded by the County of Los Angeles.
7. LAHD refers the applicant to LADBS to complete the permitting process.

Prior to the issuance of any Certificate of Occupancy, the following clearances must be obtained:

- Final clearance from LAHD that all conditions of the Agreement Containing Covenants Affecting Real Property have been met.
- Planning Department clearance for payment of deferred fees.

CONTACT INFORMATION

Los Angeles Housing Department
Occupancy Monitoring Section
1200 W. 7th Street, 9th Floor
Los Angeles, CA 90017
(213) 806-8806

Los Angeles Department of City Planning
City Hall
200 N. Spring Street, Room 721
Los Angeles, CA 90012
(213) 978-1372

Los Angeles Department of Building and Safety
201/221 N. Figueroa Street (Figueroa Plaza)
Los Angeles, CA 90012
(888) 524-2845